

AMENDED IN ASSEMBLY FEBRUARY 28, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 496**

**Introduced by Assembly Member Fong**

**(Principal coauthors: Assembly Members Baker, Harper, Mathis,  
and Mayes)**

**(Coauthors: Assembly Members Acosta, Travis Allen, Bigelow,  
Brough, Chávez, Chen, Choi, Cunningham, Flora, Gallagher,  
Kiley, Lackey, Melendez, Obernolte, Patterson, Steinorth, Voepel,  
and Waldron)**

February 13, 2017

An act to amend Sections 13975, 14500, 14526.5, 16773, and 16965.1 of, to add Sections 14526.7 and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Sections 14534.1, 16965, and 63048.67 of, the Government Code, to amend Sections 39719 and 44060.5 of the Health and Safety Code, to amend Section 21099 of, and to add Section 21080.36 to, the Public Resources Code, to amend Sections 6051.8, 6201.8, 8352.4, 8352.5, 8352.6, and 13152 of, and to add Sections 6051.9 and 6201.9 to, the Revenue and Taxation Code, to amend Sections 143, 183.1, 2103, 2192, and 2192.2 of, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, ~~and to amend Sections 9250.1, 9400.1, and 42205 of,~~ *to add Section 42278 to,* and to repeal Section 9400.4 of, the Vehicle Code, *and to repeal Item 2740-011-0044 of Section 2.00 of the Budget Act of 2016,* relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

AB 496, as amended, Fong. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Traffic Relief and Road Improvement Program to address traffic congestion and deferred maintenance on the state highway system and the local street and road system. The bill would provide for the deposit of various existing sources of revenue in the Traffic Relief and Road Improvement Account, which the bill would create in the State Transportation Fund, including revenues attributable to the sales and use tax on motor vehicles, revenues attributable to automobile and motor vehicle insurance policies from the insurer gross premiums tax, revenues from certain diesel fuel sales and use taxes, revenues from certain vehicle registration fees, and certain miscellaneous State Highway Account revenues.

This bill would continuously appropriate the revenues in the account, after deductions for administration, with 40% of the revenues to be allocated to the Department of Transportation for maintenance of the state highway system or for purposes of the State Highway Operation and Protection Program, 40% of the revenues to be apportioned by the Controller to cities and counties for road purposes pursuant to a specified formula, and 20% to fund projects in the State Transportation Improvement Program that create measurable reductions in traffic congestion. The bill would require the California Transportation Commission to adopt performance criteria and metrics for expenditure of certain of these revenues, and would impose various requirements on cities and counties in order to receive apportionments.

The bill would also require the department to implement efficiency measures with the goal of generating \$100,000,000 annually in savings at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to

\$100,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Article XXII of the California Constitution provides that the State of California and all other governmental entities shall be allowed the choice to contract for architectural and engineering services for all public works of improvement as an alternative to the employment of civil service employees to perform those services.

This bill would require the Department of Transportation to increase its annual use of contract staff resources so that 20% of its capital outlay staff consists of contract resources by the 2020–21 fiscal year.

(3) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure on purposes associated with those other modes, except that a specified portion of these gasoline excise tax revenues is deposited in the General Fund. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, commencing January 1, 2018, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula most of the gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation. The bill would also delete a monthly transfer to the General Fund of \$833,000 in gasoline excise taxes attributable to off-highway vehicles, thereby retaining those revenues for off-highway vehicle programs.

(4) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for certain transportation purposes. Existing law also provides for the transfer of specified weight fee revenues to the Transportation

Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill would repeal these provisions, thereby eliminating the use of the weight fee revenues for transportation general obligation bond debt service and retaining those revenues in the State Highway Account. The bill would make other conforming changes in that regard.

(5) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, and would instead require the miscellaneous revenues to be transferred to the Traffic Relief and Road Improvement Account for expenditure pursuant to (1) above.

(6) *Existing law provides for the deposit of all moneys received by the Department of Motor Vehicles into the Motor Vehicle Account in the State Transportation Fund, which includes some miscellaneous revenues that are not restricted by Article XIX of the California Constitution. Item 2740-011-0044 of Section 2.00 of the Budget Act of 2016, in that regard, requires the Controller to transfer those miscellaneous revenues from the Motor Vehicle Account to the General Fund and estimates the amount of those revenues in the 2015–16 fiscal year at \$78,592,000.*

*This bill would repeal the above-referenced item of the Budget Act of 2016. The bill would require the Controller to transfer, from the General Fund to the Motor Vehicle Account, an amount equal to all revenues previously transferred from that account to the General Fund*

*pursuant to this item. The bill, commencing in the 2016–17 fiscal year, would require all revenues in the Motor Vehicle Account that are not protected by Article XIX of the California Constitution to be allocated, upon appropriation, to the Department of Motor Vehicles and the Department of the California Highway Patrol, as specified.*

(6)

(7) Existing law provides for loans of revenues from various transportation funds and accounts to the General Fund, with various repayment dates specified.

This bill would require specified loans with a repayment date of January 1, 2018, or later to instead be repaid by December 31, 2017. The bill would require the funds repaid to the State Highway Account to be allocated between state and local government transportation purposes pursuant to a specified formula.

(7)

(8) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 60% of the annual proceeds of the fund to various transportation and housing programs.

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these revenues to the Controller for allocation by formula to transportation agencies for public transit purposes under the State Transit Assistance Program. Existing law provides for an increase of \$8 in the smog abatement fee on new motor vehicles initially exempt from the smog check program, and provides for an increase of \$3 in the basic vehicle registration fee, with revenues from these fee increases deposited, as specified, in the Air Quality Improvement Fund, the Alternative and Renewable Fuel and Vehicle Technology Fund, and the Enhanced Fleet Modernization Subaccount for expenditure on certain air quality programs.

This bill would require equivalent amounts of revenue to be made available for the above purposes from the Greenhouse Gas Reduction Fund to the extent revenues are available after funding existing

programs, and would require the specified diesel sales and use tax revenues and increases in vehicle registration fees to instead be transferred to the Traffic Relief and Road Improvement Account for expenditure pursuant to (1) above. The bill, beyond the backfill required for the Public Transportation Account, would additionally provide for an additional transfer from the Greenhouse Gas Reduction Fund to the Public Transportation Account, as specified. The bill would exempt funds transferred from the Greenhouse Gas Reduction Fund to the Public Transportation Account from statutory restrictions and limitations otherwise applicable to expenditures from the Greenhouse Gas Reduction Fund, as specified.

(8)

(9) Existing law establishes in state government the Transportation Agency, which includes various departments and state entities, including the California Transportation Commission. Existing law vests the California Transportation Commission with specified powers, duties, and functions relative to transportation matters. Existing law requires the commission to retain independent authority to perform the duties and functions prescribed to it under any provision of law.

This bill would exclude the California Transportation Commission from the Transportation Agency, establish it as an independent entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(9)

(10) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

This bill would create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all of the above-referenced state agencies and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The bill would provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate, and would provide that the Transportation Inspector General may not be removed from office during the term except for good cause. The bill

would specify the duties and responsibilities of the Transportation Inspector ~~General~~ *General, which would include an annual audit of state transportation megaprojects, as defined, in consultation with the California State Auditor*, and would require an annual report to the Legislature and Governor.

~~(10)~~

(11) Existing law requires the Department of Transportation to prepare the State Highway Operation and Protection Program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it determines that the program is not sufficiently consistent with the asset management plan.

The bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after February 1, 2018, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

~~(11)~~

(12) Existing law authorizes the Department of Transportation and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. These arrangements are commonly

known as public-private partnerships. Existing law provides that a lease agreement may not be entered into under these provisions on or after January 1, 2017.

This bill would authorize lease agreements under these provisions to be entered into until January 1, 2030. The bill would include the Santa Clara Valley Transportation Authority within the definition of regional transportation agency for these purposes. The bill would make other revisions to these provisions.

~~(12)~~

(13) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement and for specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

This bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America's Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

Existing law requires the commission, in determining projects eligible for funding, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would revise the list of plans to be consulted by the commission when determining eligible projects for funding. The bill would also expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements.

~~(13)~~

(14) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that



the project, as revised, would have a significant effect on the environment, with certain exceptions.

This bill would provide that CEQA does not apply to a project, or the issuance of a permit for a project, that consists of the inspection, maintenance, repair, rehabilitation, replacement, or removal of existing transportation infrastructure, as specified, or to the addition of an auxiliary lane or bikeway to existing transportation infrastructure under certain conditions.

(14)

(15) Existing law requires the Office of Planning and Research to prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to guidelines implementing the California Environmental Quality Act establishing criteria for determining the significance of transportation impacts for projects within transit priority areas that promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Existing law authorizes the office to adopt guidelines to establish alternative metrics to the metrics used for traffic levels of service for transportation impacts outside transit priority areas.

This bill would eliminate the authority of the office to adopt guidelines establishing alternative metrics for transportation impacts outside transit priority areas.

(15)

(16) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 Traffic Relief and Road Improvement Act.
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) According to the Governor, California faces a \$5.9 billion
- 5 annual shortfall in funding state highway maintenance and
- 6 rehabilitation. Local governments have identified an additional
- 7 \$7.8 billion annual shortfall for maintaining local streets and roads.
- 8 (b) Ensuring the safe and efficient movement of goods and
- 9 people is a fundamental role of government. California has

1 neglected its roads and highways. According to the Department  
2 of Transportation, more than 15 percent of the state's 50,000 miles  
3 of state highways are characterized as "distressed," and require  
4 substantial rehabilitation and reconstruction work. An additional  
5 25 percent of the state highway system is in need of corrective  
6 maintenance.

7 (c) According to The Road Information Program (TRIP), a  
8 national transportation research group, congestion-related delays  
9 cost California motorists \$28 billion every year. In Los Angeles  
10 and the Bay Area, TRIP determined that the average motorist loses  
11 80 hours due to congestion each year, costing \$1,700 in lost time  
12 and wasted fuel.

13 (d) Congested roadways disproportionately harm low-income  
14 and middle class working families. According to the Legislative  
15 Analyst's Office, commute times increase 4.5 percent for every  
16 10 percent increase in rent. In addition, these commuters pay the  
17 second highest gas prices in the nation.

18 (e) In May 2016, the California Transportation Commission cut  
19 \$754 million and delayed another \$755 million in highway, rail,  
20 transit, bicycle, and pedestrian project spending, which would have  
21 increased capacity of the state's transportation system.

22 (f) A comprehensive, reasonable transportation funding package  
23 will do all of the following:

24 (1) Ensure that all fees and taxes imposed on users of the  
25 transportation system are dedicated for transportation purposes.

26 (2) Ensure that all of the state's transportation needs are  
27 addressed. These needs include maintenance, rehabilitation, and  
28 expanding system capacity to reduce traffic congestion.

29 (3) Diversify transportation funding sources to increase revenues  
30 and improve funding stability.

31 (4) Eliminate regulatory hurdles that delay projects and increase  
32 costs.

33 (5) Enact meaningful policy reforms to improve efficiency and  
34 accountability for transportation spending.

35 (6) Avoid regressive funding strategies that disproportionately  
36 harm low-income Californians.

37 SEC. 3. Section 13975 of the Government Code is amended  
38 to read:

39 13975. There is in the state government the Transportation  
40 Agency. The agency consists of the Department of the California

1 Highway Patrol, the Department of Motor Vehicles, the Department  
2 of Transportation, the High-Speed Rail Authority, and the Board  
3 of Pilot Commissioners for the Bays of San Francisco, San Pablo,  
4 and Suisun.

5 SEC. 4. Part 5.1 (commencing with Section 14460) is added  
6 to Division 3 of Title 2 of the Government Code, to read:

7  
8 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR  
9 GENERAL  
10

11 14460. (a) There is hereby created in state government the  
12 independent Office of the Transportation Inspector General, which  
13 shall not be a subdivision of any other governmental entity, to  
14 ensure that the Department of Transportation, the High-Speed Rail  
15 Authority, the Department of the California Highway Patrol, the  
16 Department of Motor Vehicles, the State Air Resources Board,  
17 and all other state agencies expending state transportation funds  
18 are operating efficiently, effectively, and in compliance with  
19 applicable federal and state laws.

20 (b) The Governor shall appoint, subject to confirmation by the  
21 Senate, the Transportation Inspector General to a six-year term.  
22 The Transportation Inspector General may not be removed from  
23 office during that term, except for good cause. A finding of good  
24 cause may include substantial neglect of duty, gross misconduct,  
25 or conviction of a crime. The reasons for removal of the  
26 Transportation Inspector General shall be stated in writing and  
27 shall include the basis for removal. The writing shall be sent to  
28 the Secretary of the Senate and the Chief Clerk of the Assembly  
29 at the time of the removal and shall be deemed to be a public  
30 document.

31 14461. The Transportation Inspector General shall review  
32 policies, practices, and procedures and conduct audits and  
33 investigations of activities involving state transportation funds in  
34 consultation with all affected state agencies. Specifically, the  
35 Transportation Inspector General's duties and responsibilities shall  
36 include, but not be limited to, all of the following:

37 (a) To examine the operating practices of all state agencies  
38 expending state transportation funds to identify fraud and waste,  
39 opportunities for efficiencies, and opportunities to improve the  
40 data used to determine appropriate project resource allocations.

1 (b) To identify best practices in the delivery of transportation  
2 projects and develop policies or recommend proposed legislation  
3 enabling state agencies to adopt these practices when practicable.

4 (c) To provide objective analysis of and, when possible, offer  
5 solutions to concerns raised by the public or generated within  
6 agencies involving the state's transportation infrastructure and  
7 project delivery methods.

8 (d) To conduct, supervise, and coordinate audits and  
9 investigations relating to the programs and operations of all state  
10 transportation agencies with state-funded transportation projects.

11 (e) To recommend policies promoting economy and efficiency  
12 in the administration of programs and operations of all state  
13 agencies with state-funded transportation projects.

14 (f) To ensure that the Secretary of Transportation and the  
15 Legislature are fully and currently informed concerning fraud or  
16 other serious abuses or deficiencies relating to the expenditure of  
17 funds or administration of programs and operations.

18 14461.5. (a) *The Transportation Inspector General, in*  
19 *consultation with the California State Auditor, shall annually*  
20 *conduct an audit of all state transportation megaprojects. The*  
21 *audit shall include, but not be limited to, all of the following:*

22 (1) *Evaluating whether the administering agency has developed*  
23 *a comprehensive risk management plan that clearly defines roles*  
24 *and responsibilities for risk management and addresses the process*  
25 *by which it will identify and quantify project risks, implement and*  
26 *track risk response activities, and monitor and control risks*  
27 *throughout the duration of the project.*

28 (2) *Qualifying the effect of identified risks in financial terms.*

29 (3) *Evaluating whether the administering agency develops and*  
30 *maintains documents to track identified risks and related mitigation*  
31 *steps.*

32 (4) *Assessing the administering agency's estimates of capital*  
33 *and capital outlay support costs.*

34 (5) *Assessing whether the administering agency maintains*  
35 *adequate reserves for potential claims and unknown risks,*  
36 *incorporating information related to risks identified and quantified*  
37 *through its risk assessment process.*

38 (6) *Reviewing a sample of expenditures to ensure compliance*  
39 *with all relevant laws and best practices.*

1     **(b)** *For purposes of this section, the following terms have the*  
2 *following meanings:*

3     **(1)** *“Administering agency” means the Department of*  
4 *Transportation, the High-Speed Rail Authority, the Department*  
5 *of the California Highway Patrol, the Department of Motor*  
6 *Vehicles, the State Air Resources Board, or any other state agency*  
7 *expending state transportation funds.*

8     **(2)** *“Megaproject” means a transportation public works project*  
9 *with total estimated development and construction costs exceeding*  
10 *two billion five hundred million dollars (\$2,500,000,000) that is*  
11 *administered, planned, and developed by an administering agency.*

12     14462. The Transportation Inspector General shall report at  
13 least annually to the Governor and Legislature with a summary of  
14 his or her findings, investigations, and audits. The summary shall  
15 be posted on the Transportation Inspector General’s Internet Web  
16 site and shall otherwise be made available to the public upon its  
17 release to the Governor and Legislature. The summary shall  
18 include, but need not be limited to, significant problems discovered  
19 by the Transportation Inspector General and whether  
20 recommendations of the Transportation Inspector General relative  
21 to investigations and audits have been implemented by the affected  
22 agencies. The report shall be submitted to the Legislature in  
23 compliance with Section 9795.

24     SEC. 5. Section 14500 of the Government Code is amended  
25 to read:

26     14500. There is in state government a California Transportation  
27 Commission. The commission shall act in an independent oversight  
28 role.

29     SEC. 6. Section 14526.5 of the Government Code is amended  
30 to read:

31     14526.5. (a) Based on the asset management plan prepared  
32 and approved pursuant to Section 14526.4, the department shall  
33 prepare a state highway operation and protection program for the  
34 expenditure of transportation funds for major capital improvements  
35 that are necessary to preserve and protect the state highway system.  
36 Projects included in the program shall be limited to improvements  
37 relative to maintenance, safety, rehabilitation, and operation of  
38 state highways and bridges that do not add a new traffic lane to  
39 the system.

1 (b) The program shall include projects that are expected to be  
2 advertised prior to July 1 of the year following submission of the  
3 program, but which have not yet been funded. The program shall  
4 include those projects for which construction is to begin within  
5 four fiscal years, starting July 1 of the year following the year the  
6 program is submitted.

7 (c) (1) The department, at a minimum, shall specify, for each  
8 project in the state highway operation and protection program, the  
9 capital and support budget for each of the following project  
10 components:

11 (A) Project approval and environmental documents.

12 (B) Plans, specifications, and estimates.

13 (C) Rights-of-way.

14 (D) Construction.

15 (2) The department shall specify, for each project in the state  
16 highway operation and protection program, a project delivery date  
17 for each of the following components:

18 (A) Environmental document completion.

19 (B) Plans, specifications, and estimate completion.

20 (C) Right-of-way certification.

21 (D) Start of construction.

22 (d) The department shall submit its proposed program to the  
23 commission not later than January 31 of each even-numbered year.  
24 Prior to submitting its proposed program, the department shall  
25 make a draft of its proposed program available to transportation  
26 planning agencies for review and comment and shall include the  
27 comments in its submittal to the commission. The department shall  
28 provide the commission with detailed information for all  
29 programmed projects, including, but not limited to, cost, scope,  
30 schedule, and performance metrics as determined by the  
31 commission.

32 (e) The commission shall review the proposed program relative  
33 to its overall adequacy, consistency with the asset management  
34 plan prepared and approved pursuant to Section 14526.4 and  
35 funding priorities established in Section 167 of the Streets and  
36 Highways Code, the level of annual funding needed to implement  
37 the program, and the impact of those expenditures on the state  
38 transportation improvement program. The commission shall adopt  
39 the program and submit it to the Legislature and the Governor not  
40 later than April 1 of each even-numbered year. The commission

1 may decline to adopt the program if the commission determines  
2 that the program is not sufficiently consistent with the asset  
3 management plan prepared and approved pursuant to Section  
4 14526.4.

5 (f) As part of the commission's review of the program required  
6 pursuant to subdivision (a), the commission shall hold at least one  
7 hearing in northern California and one hearing in southern  
8 California regarding the proposed program.

9 (g) Expenditures for these projects shall not be subject to  
10 Sections 188 and 188.8 of the Streets and Highways Code.

11 (h) Following adoption of the state highway operation and  
12 protection program by the commission, any change to a  
13 programmed project shall be submitted as an amendment by the  
14 department to the commission for its approval before the change  
15 may be implemented.

16 SEC. 7. Section 14526.7 is added to the Government Code, to  
17 read:

18 14526.7. (a) On and after February 1, 2018, an allocation by  
19 the commission of all capital and support costs for each project in  
20 the state highway operation and protection program shall be  
21 required.

22 (b) For a project that experiences increases in capital or support  
23 costs above the amounts in the commission's allocation pursuant  
24 to subdivision (a), a supplemental project allocation request shall  
25 be submitted by the department to the commission for approval.

26 (c) The commission shall establish guidelines to provide  
27 exceptions to the requirement of subdivision (b) that the  
28 commission determines are necessary to ensure that projects are  
29 not unnecessarily delayed.

30 SEC. 8. Section 14534.1 of the Government Code is repealed.

31 SEC. 9. Section 16321 is added to the Government Code, to  
32 read:

33 16321. (a) Notwithstanding any other provision of law, loans  
34 of revenues to the General Fund from the State Highway Account,  
35 the Public Transportation Account, the Bicycle Transportation  
36 Account, the Motor Vehicle Fuel Account, the Highway Users  
37 Tax Account, the Pedestrian Safety Account, the Transportation  
38 Investment Fund, the Traffic Congestion Relief Fund, the Motor  
39 Vehicle Account, and the Local Airport Loan Account shall be  
40 repaid, on or before December 31, 2017, to the account or fund

1 from which the loan was made or to its successor. This section  
2 shall apply to all loans that otherwise have a repayment date of  
3 January 1, 2018, or later.

4 (b) Notwithstanding any other provision of law, funds repaid  
5 to the State Highway Account pursuant to this section shall be  
6 allocated pursuant to the formula in subdivision (a) of Section  
7 2103 of the Streets and Highways Code.

8 SEC. 10. Section 16773 of the Government Code is amended  
9 to read:

10 16773. (a) Whenever any payment of principal of any bonds  
11 shall become due, either upon the maturity of any of the bonds or  
12 upon the redemption thereof prior to maturity, and whenever any  
13 interest on any of the bonds shall fall due, warrants shall be drawn  
14 against the appropriation made by the bond act from the General  
15 Fund by the Controller in favor of the Treasurer, or state fiscal  
16 agents, or other duly authorized agents, pursuant to claims filed  
17 with the Controller by the Treasurer, in the amounts so falling due.

18 (b) For any payments of debt service, as defined in subdivision  
19 (c) of Section 998.404 of the Military and Veterans Code, with  
20 respect to any bonds issued pursuant to a veterans' farm and home  
21 purchase bond act adopted pursuant to Chapter 6 (commencing  
22 with Section 980) of Division 4 of the Military and Veterans Code,  
23 the Controller shall first draw warrants against the appropriation  
24 from the Veterans' Bonds Payment Fund in Section 988.6 of the  
25 Military and Veterans Code, and, to the extent moneys in that fund  
26 are insufficient to pay the amount of debt service then due, shall  
27 draw warrants against the appropriation made by the bond act from  
28 the General Fund for payment of any remaining amount then due.

29 SEC. 11. Section 16965 of the Government Code is repealed.

30 SEC. 12. Section 16965.1 of the Government Code is amended  
31 to read:

32 16965.1. (a) The loan repayment dates relative to State  
33 Highway Account loans to the General Fund that are specified in  
34 the provisional language of the following Budget Act items are  
35 hereby eliminated, and the loans shall be repaid no later than  
36 December 31, 2017:

37 (1) Item 2660-011-0042 of Section 2.00 of the Budget Act of  
38 2010 (SB 870, Chapter 712 of the Statutes of 2010).



(2) Item 2660-013-0042 of Section 2.00 of the Budget Act of 2010, as added by Section 6 of SB 84 (Chapter 13 of the Statutes of 2011).

(3) Item 2660-013-0042 of Section 2.00 of the Budget Act of 2011 (SB 87, Chapter 33 of the Statutes of 2011).

(b) The loan repayment date relative to the Public Transportation Account that is specified in the provisional language in Item 2660-011-0046 of Section 2.00 of the Budget Act of 2010 (SB 870, Chapter 712 of the Statutes of 2010), is hereby eliminated, and the loan pursuant to this item shall instead be repaid by December 31, 2017.

SEC. 13. Section 63048.67 of the Government Code is repealed.

SEC. 14. Section 39719 of the Health and Safety Code is amended to read:

39719. (a) The Legislature shall appropriate the annual proceeds of the fund for the purpose of reducing greenhouse gas emissions in this state in accordance with the requirements of Section 39712.

(b) To carry out a portion of the requirements of subdivision (a), annual proceeds are continuously appropriated for the following:

(1) Beginning in the 2015–16 fiscal year, and notwithstanding Section 13340 of the Government Code, 35 percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as follows:

(A) Ten percent of the annual proceeds of the fund is hereby continuously appropriated to the Transportation Agency for the Transit and Intercity Rail Capital Program created by Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

(B) Five percent of the annual proceeds of the fund is hereby continuously appropriated to the Low Carbon Transit Operations Program created by Part 3 (commencing with Section 75230) of Division 44 of the Public Resources Code. Funds shall be allocated by the Controller, according to requirements of the program, and pursuant to the distribution formula in subdivision (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of, the Public Utilities Code.

(C) Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program created by Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds, shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

- (A) Acquisition and construction costs of the project.
- (B) Environmental review and design costs of the project.
- (C) Other capital costs of the project.
- (D) Repayment of any loans made to the authority to fund the project.

(c) (1) An amount from the fund equal to the revenues described in subdivisions (b) and (c) of Section 6051.8 of, and subdivisions (b) and (c) of Section 6201.8 of, the Revenue and Taxation Code shall be transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation pursuant to Section 99312.1 of the Public Utilities Code, if revenues are available after the appropriations in paragraphs (1) and (2) of subdivision (b).

(2) Notwithstanding any other provision of law, revenues transferred to the Public Transportation Account pursuant to this subdivision shall be exempt from any statutory restrictions and limitations otherwise applicable to expenditures of revenues from the Greenhouse Gas Reduction Fund, if the expenditures are in compliance with Section 1 of Article XIX A of the California Constitution and Article 6.5 (commencing with Section 99310) of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code.

(d) An amount from the fund equal to the revenues generated pursuant to subdivision (a) of Section 44060.5 shall be transferred to the Air Quality Improvement Fund and the Alternative and Renewable Fuel and Vehicle Technology Fund as described in subdivision (b) of that section, and an amount from the fund equal

1 to the revenues generated pursuant to subdivision (a) of Section  
2 9250.1 of the Vehicle Code shall be transferred to the Alternative  
3 and Renewable Fuel and Vehicle Technology Fund and the  
4 Enhanced Fleet Modernization Subaccount as described in  
5 subdivision (b) of that section. These transfers shall be applicable  
6 only if revenues are available after the appropriations in paragraph  
7 (1) and (2) of subdivision (b) and after the transfer in subdivision  
8 (c).

9 (e) In determining the amount of annual proceeds of the fund  
10 for purposes of the calculation in subdivision (b), the funds subject  
11 to Section 39719.1 shall not be included.

12 SEC. 15. Section 44060.5 of the Health and Safety Code is  
13 amended to read:

14 44060.5. (a) Beginning July 1, 2008, the smog abatement fee  
15 described in subdivision (d) of Section 44060 shall be increased  
16 by eight dollars (\$8).

17 (b) Except as otherwise specified in subdivision (c), revenues  
18 generated by the increase described in this section shall be  
19 distributed as follows:

20 (1) The revenues generated by four dollars (\$4) shall be  
21 deposited in the Air Quality Improvement Fund created by Section  
22 44274.5.

23 (2) The revenues generated by four dollars (\$4) shall be  
24 deposited in the Alternative and Renewable Fuel and Vehicle  
25 Technology Fund created by Section 44273.

26 (c) If a transfer is made pursuant to subdivision (d) of Section  
27 39719, the equivalent amount of revenues generated by the fee  
28 increase in subdivision (a) shall be transferred to the Traffic Relief  
29 and Road Improvement Account created pursuant to Section 2031  
30 of the Streets and Highways Code.

31 (d) This section shall remain in effect only until January 1, 2024,  
32 and as of that date is repealed, unless a later enacted statute, that  
33 is enacted before January 1, 2024, deletes or extends that date.

34 SEC. 16. Section 21080.36 is added to the Public Resources  
35 Code, to read:

36 21080.36. (a) This division does not apply to a project, or the  
37 issuance of a permit for a project, that consists of the inspection,  
38 maintenance, repair, rehabilitation, replacement, or removal of  
39 existing transportation infrastructure, including, but not limited  
40 to, highways, roadways, bridges, culverts, tunnels, transit systems,

1 bikeways, and paths and sidewalks serving bicycles or pedestrians,  
2 or both bicycles and pedestrians, or the addition of an auxiliary  
3 lane or bikeway to existing transportation infrastructure if the  
4 project is located within an existing right-of-way, and any area  
5 surrounding the right-of-way that is to be altered as a result of  
6 construction activities that are necessary for the completion of the  
7 project will be restored to its condition before the project, and the  
8 project does not add additional motor vehicle lanes, except  
9 auxiliary lanes.

10 (b) For a project meeting the requirements of subdivision (a),  
11 the public agency carrying out the project shall do all of the  
12 following:

13 (1) Notify, in writing, any affected public agency, including,  
14 but not limited to, any public agency having permit, land use,  
15 environmental, public health protection, or emergency response  
16 authority over the project.

17 (2) Provide the notice of exemption in a manner specified in  
18 subdivision (b) of Section 21108 or subdivision (b) of Section  
19 21152.

20 (3) Comply with all conditions otherwise authorized by law,  
21 and any conditions imposed by the city or county planning  
22 department as part of any applicable local agency permit process  
23 that are required to mitigate potential impacts of the project and  
24 to otherwise comply with the Porter-Cologne Water Quality  
25 Control Act (Division 7 (commencing with Section 13000) of the  
26 Water Code), Chapter 6 (commencing with Section 1600) of  
27 Division 2 of the Fish and Game Code, the California Endangered  
28 Species Act (Chapter 1.5 (commencing with Section 2050) of  
29 Division 3 of the Fish and Game Code), and other applicable state  
30 and federal law.

31 (c) For purposes of this section, “auxiliary lane” means the  
32 portion of the roadway used for weaving, truck climbing, speed  
33 change, or for other purposes supplemental to through traffic  
34 movement.

35 SEC. 17. Section 21099 of the Public Resources Code is  
36 amended to read:

37 21099. (a) For purposes of this section, the following terms  
38 mean the following:

1 (1) "Employment center project" means a project located on  
2 property zoned for commercial uses with a floor area ratio of no  
3 less than 0.75 and that is located within a transit priority area.

4 (2) "Floor area ratio" means the ratio of gross building area of  
5 the development, excluding structured parking areas, proposed for  
6 the project divided by the net lot area.

7 (3) "Gross building area" means the sum of all finished areas  
8 of all floors of a building included within the outside faces of its  
9 exterior walls.

10 (4) "Infill site" means a lot located within an urban area that  
11 has been previously developed, or on a vacant site where at least  
12 75 percent of the perimeter of the site adjoins, or is separated only  
13 by an improved public right-of-way from, parcels that are  
14 developed with qualified urban uses.

15 (5) "Lot" means all parcels utilized by the project.

16 (6) "Net lot area" means the area of a lot, excluding publicly  
17 dedicated land and private streets that meet local standards, and  
18 other public use areas as determined by the local land use authority.

19 (7) "Transit priority area" means an area within one-half mile  
20 of a major transit stop that is existing or planned, if the planned  
21 stop is scheduled to be completed within the planning horizon  
22 included in a Transportation Improvement Program adopted  
23 pursuant to Section 450.216 or 450.322 of Title 23 of the Code of  
24 Federal Regulations.

25 (b) (1) The Office of Planning and Research shall prepare,  
26 develop, and transmit to the Secretary of the Natural Resources  
27 Agency for certification and adoption proposed revisions to the  
28 guidelines adopted pursuant to Section 21083 establishing criteria  
29 for determining the significance of transportation impacts of  
30 projects within transit priority areas. Those criteria shall promote  
31 the reduction of greenhouse gas emissions, the development of  
32 multimodal transportation networks, and a diversity of land uses.  
33 In developing the criteria, the office shall recommend potential  
34 metrics to measure transportation impacts that may include, but  
35 are not limited to, vehicle miles traveled, vehicle miles traveled  
36 per capita, automobile trip generation rates, or automobile trips  
37 generated. The office may also establish criteria for models used  
38 to analyze transportation impacts to ensure the models are accurate,  
39 reliable, and consistent with the intent of this section.

(2) Upon certification of the guidelines by the Secretary of the Natural Resources Agency pursuant to this section, automobile delay, as described solely by level of service or similar measures of vehicular capacity or traffic congestion shall not be considered a significant impact on the environment pursuant to this division, except in locations specifically identified in the guidelines, if any.

(3) This subdivision does not relieve a public agency of the requirement to analyze a project's potentially significant transportation impacts related to air quality, noise, safety, or any other impact associated with transportation. The methodology established by these guidelines shall not create a presumption that a project will not result in significant impacts related to air quality, noise, safety, or any other impact associated with transportation. Notwithstanding the foregoing, the adequacy of parking for a project shall not support a finding of significance pursuant to this section.

(4) This subdivision does not preclude the application of local general plan policies, zoning codes, conditions of approval, thresholds, or any other planning requirements pursuant to the police power or any other authority.

(5) On or before July 1, 2014, the Office of Planning and Research shall circulate a draft revision prepared pursuant to paragraph (1).

(c) (1) Aesthetic and parking impacts of a residential, mixed-use residential, or employment center project on an infill site within a transit priority area shall not be considered significant impacts on the environment.

(2) (A) This subdivision does not affect, change, or modify the authority of a lead agency to consider aesthetic impacts pursuant to local design review ordinances or other discretionary powers provided by other laws or policies.

(B) For the purposes of this subdivision, aesthetic impacts do not include impacts on historical or cultural resources.

(d) This section does not affect the authority of a public agency to establish or adopt thresholds of significance that are more protective of the environment.

SEC. 18. Section 6051.8 of the Revenue and Taxation Code is amended to read:

6051.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, for the privilege of selling

1 tangible personal property at retail a tax is hereby imposed upon  
2 all retailers at the rate of 1.75 percent of the gross receipts of any  
3 retailer from the sale of all diesel fuel, as defined in Section 60022,  
4 sold at retail in this state.

5 (b) Notwithstanding subdivision (b) of Section 7102, and except  
6 as otherwise specified in subdivision (c), all of the revenues, less  
7 refunds, collected pursuant to subdivision (a) shall be estimated  
8 by the State Board of Equalization, with the concurrence of the  
9 Department of Finance, and transferred quarterly to the Public  
10 Transportation Account in the State Transportation Fund for  
11 allocation pursuant to Section 99312.1 of the Public Utilities Code.

12 (c) Prior to the transfer in subdivision (b), the State Board of  
13 Equalization, with the concurrence of the Department of Finance,  
14 shall estimate the revenues that would have been generated if an  
15 additional tax had been imposed upon all retailers at the rate of  
16 3.5 percent of the gross receipts of any retailer from the sale of all  
17 diesel fuel, as defined in Section 60022, sold at retail in this state.  
18 In any quarter where a transfer equal to this amount and the amount  
19 in subdivision (b) is made from the Greenhouse Gas Reduction  
20 Fund to the Public Transportation Account pursuant to subdivision  
21 (c) of Section 39719 of the Health and Safety Code, the revenues  
22 described in subdivision (b) shall be transferred to the Traffic  
23 Relief and Road Improvement Account created pursuant to Section  
24 2031 of the Streets and Highways Code.

25 SEC. 19. Section 6051.9 is added to the Revenue and Taxation  
26 Code, to read:

27 6051.9. (a) Revenues received pursuant to Section 6051 and  
28 6051.3 from the sale of motor vehicles shall be deposited in the  
29 State Treasury to the credit of the Traffic Relief and Road  
30 Improvement Account created pursuant to Section 2031 of the  
31 Streets and Highways Code.

32 (b) This section does not apply to either of the following:

33 (1) Any revenues from a tax levied by a county, city, or district  
34 pursuant to, or in accordance with, any provision of the  
35 Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5  
36 (commencing with Section 7200)) or the Transactions and Use  
37 Tax Law (Part 1.6 (commencing with Section 7251)).

38 (2) Any revenues from a tax levied pursuant to Section 6051.2,  
39 Section 35 of Article XIII of the California Constitution, or any  
40 tax levied pursuant to Section 6051 that is deposited in the State

1 Treasury to the credit of the Local Revenue Fund 2011 pursuant  
2 to Section 6051.15.

3 SEC. 20. Section 6201.8 of the Revenue and Taxation Code  
4 is amended to read:

5 6201.8. (a) Except as provided by Section 6357.3, in addition  
6 to the taxes imposed by this part, an excise tax is hereby imposed  
7 on the storage, use, or other consumption in this state of diesel  
8 fuel, as defined in Section 60022, at the rate of 1.75 percent of the  
9 sales price of the diesel fuel.

10 (b) Notwithstanding subdivision (b) of Section 7102, all of the  
11 revenues, less refunds, collected pursuant to subdivision (a) shall  
12 be estimated by the State Board of Equalization, with the  
13 concurrence of the Department of Finance, and transferred quarterly  
14 to the Public Transportation Account in the State Transportation  
15 Fund for allocation pursuant to Section 99312.1 of the Public  
16 Utilities Code.

17 (c) Prior to the transfer in subdivision (b), the State Board of  
18 Equalization, with the concurrence of the Department of Finance,  
19 shall estimate the revenues that would have been generated if an  
20 additional tax had been imposed on the storage, use, or other  
21 consumption in this state of diesel fuel, as defined in Section  
22 60022, at the rate of 3.5 percent of the sales price of the diesel  
23 fuel. In any quarter where a transfer equal to this amount and the  
24 amount in subdivision (b) is made from the Greenhouse Gas  
25 Reduction Fund to the Public Transportation Account pursuant to  
26 subdivision (c) of Section 39719 of the Health and Safety Code,  
27 the revenues described in subdivision (b) shall be transferred to  
28 the Traffic Relief and Road Improvement Account created pursuant  
29 to Section 2031 of the Streets and Highways Code.

30 SEC. 21. Section 6201.9 is added to the Revenue and Taxation  
31 Code, to read:

32 6201.9. (a) Revenues received pursuant to Section 6201 and  
33 6201.3 from the purchase of motor vehicles shall be deposited in  
34 the State Treasury to the credit of the Traffic Relief and Road  
35 Improvement Account created pursuant to Section 2031 of the  
36 Streets and Highways Code.

37 (b) This section does not apply to either of the following:

38 (1) Any revenues from a tax levied by a county, city, or district  
39 pursuant to, or in accordance with, any provision of the  
40 Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5



1 (commencing with Section 7200)) or the Transactions and Use  
2 Tax Law (Part 1.6 (commencing with Section 7251)).

3 (2) Any revenues from a tax levied pursuant to Section 6201.2,  
4 Section 35 of Article XIII of the California Constitution, or any  
5 tax levied pursuant to Section 6201 that is deposited in the State  
6 Treasury to the credit of the Local Revenue Fund 2011 pursuant  
7 to Section 6201.15.

8 SEC. 22. Section 8352.4 of the Revenue and Taxation Code  
9 is amended to read:

10 8352.4. (a) Subject to Sections 8352 and 8352.1, and except  
11 as otherwise provided in subdivision (b), there shall be transferred  
12 from the money deposited to the credit of the Motor Vehicle Fuel  
13 Account to the Harbors and Watercraft Revolving Fund, for  
14 expenditure in accordance with Division 1 (commencing with  
15 Section 30) of the Harbors and Navigation Code, the sum of six  
16 million six hundred thousand dollars (\$6,600,000) per annum,  
17 representing the amount of money in the Motor Vehicle Fuel  
18 Account attributable to taxes imposed on distributions of motor  
19 vehicle fuel used or usable in propelling vessels. The actual amount  
20 shall be calculated using the annual reports of registered boats  
21 prepared by the Department of Motor Vehicles for the United  
22 States Coast Guard and the formula and method of the December  
23 1972 report prepared for this purpose and submitted to the  
24 Legislature on December 26, 1972, by the Director of  
25 Transportation. If the amount transferred during each fiscal year  
26 is in excess of the calculated amount, the excess shall be  
27 retransferred from the Harbors and Watercraft Revolving Fund to  
28 the Motor Vehicle Fuel Account. If the amount transferred is less  
29 than the amount calculated, the difference shall be transferred from  
30 the Motor Vehicle Fuel Account to the Harbors and Watercraft  
31 Revolving Fund. No adjustment shall be made if the computed  
32 difference is less than fifty thousand dollars (\$50,000), and the  
33 amount shall be adjusted to reflect any temporary or permanent  
34 increase or decrease that may be made in the rate under the Motor  
35 Vehicle Fuel Tax Law. Payments pursuant to this section shall be  
36 made prior to payments pursuant to Section 8352.2.

37 (b) Commencing January 1, 2018, the revenues attributable to  
38 the tax imposed pursuant to subdivision (b) of Section 7360 and  
39 otherwise to be deposited in the Harbors and Watercraft Revolving  
40 Fund pursuant to subdivision (a) shall instead be transferred to the

1 Highway Users Tax Account for distribution pursuant to  
2 subdivision (a) of Section 2103 of the Streets and Highways Code.

3 SEC. 23. Section 8352.5 of the Revenue and Taxation Code  
4 is amended to read:

5 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and  
6 except as otherwise provided in subdivision (b), there shall be  
7 transferred from the money deposited to the credit of the Motor  
8 Vehicle Fuel Account to the Department of Food and Agriculture  
9 Fund, during the second quarter of each fiscal year, an amount  
10 equal to the estimate contained in the most recent report prepared  
11 pursuant to this section.

12 (2) The amounts are not subject to Section 6357 with respect  
13 to the collection of sales and use taxes thereon, and represent the  
14 portion of receipts in the Motor Vehicle Fuel Account during a  
15 calendar year that were attributable to agricultural off-highway  
16 use of motor vehicle fuel which is subject to refund pursuant to  
17 Section 8101, less gross refunds allowed by the Controller during  
18 the fiscal year ending June 30 following the calendar year to  
19 persons entitled to refunds for agricultural off-highway use  
20 pursuant to Section 8101. Payments pursuant to this section shall  
21 be made prior to payments pursuant to Section 8352.2.

22 (b) Commencing January 1, 2018, the revenues attributable to  
23 the tax imposed pursuant to subdivision (b) of Section 7360 and  
24 otherwise to be deposited in the Department of Food and  
25 Agriculture Fund pursuant to subdivision (a) shall instead be  
26 transferred to the Highway Users Tax Account for distribution  
27 pursuant to subdivision (a) of Section 2103 of the Streets and  
28 Highways Code.

29 (c) On or before September 30, 2012, and on or before  
30 September 30 of each even-numbered year thereafter, the Director  
31 of Transportation and the Director of Food and Agriculture shall  
32 jointly prepare, or cause to be prepared, a report setting forth the  
33 current estimate of the amount of money in the Motor Vehicle  
34 Fuel Account attributable to agricultural off-highway use of motor  
35 vehicle fuel, which is subject to refund pursuant to Section 8101  
36 less gross refunds allowed by the Controller to persons entitled to  
37 refunds for agricultural off-highway use pursuant to Section 8101;  
38 and they shall submit a copy of the report to the Legislature.

39 SEC. 24. Section 8352.6 of the Revenue and Taxation Code  
40 is amended to read:

1 8352.6. (a) (1) Subject to Section 8352.1, and except as  
2 otherwise provided in paragraph (2), on the first day of every  
3 month, there shall be transferred from moneys deposited to the  
4 credit of the Motor Vehicle Fuel Account to the Off-Highway  
5 Vehicle Trust Fund created by Section 38225 of the Vehicle Code  
6 an amount attributable to taxes imposed upon distributions of motor  
7 vehicle fuel used in the operation of motor vehicles off highway  
8 and for which a refund has not been claimed. Transfers made  
9 pursuant to this section shall be made prior to transfers pursuant  
10 to Section 8352.2.

11 (2) Commencing January 1, 2018, the revenues attributable to  
12 the tax imposed pursuant to subdivision (b) of Section 7360 and  
13 otherwise to be deposited in the Off-Highway Vehicle Trust Fund  
14 pursuant to paragraph (1) shall instead be transferred to the  
15 Highway Users Tax Account for distribution pursuant to  
16 subdivision (a) of Section 2103 of the Streets and Highways Code.

17 (b) The amount transferred to the Off-Highway Vehicle Trust  
18 Fund pursuant to paragraph (1) of subdivision (a), as a percentage  
19 of the Motor Vehicle Fuel Account, shall be equal to the percentage  
20 transferred in the 2006–07 fiscal year. Every five years, starting  
21 in the 2013–14 fiscal year, the percentage transferred may be  
22 adjusted by the Department of Transportation in cooperation with  
23 the Department of Parks and Recreation and the Department of  
24 Motor Vehicles. Adjustments shall be based on, but not limited  
25 to, the changes in the following factors since the 2006–07 fiscal  
26 year or the last adjustment, whichever is more recent:

27 (1) The number of vehicles registered as off-highway motor  
28 vehicles as required by Division 16.5 (commencing with Section  
29 38000) of the Vehicle Code.

30 (2) The number of registered street-legal vehicles that are  
31 anticipated to be used off highway, including four-wheel drive  
32 vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

33 (3) Attendance at the state vehicular recreation areas.

34 (4) Off-highway recreation use on federal lands as indicated by  
35 the United States Forest Service’s National Visitor Use Monitoring  
36 and the United States Bureau of Land Management’s Recreation  
37 Management Information System.

38 (c) It is the intent of the Legislature that transfers from the Motor  
39 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund  
40 should reflect the full range of motorized vehicle use off highway

1 for both motorized recreation and motorized off-road access to  
2 other recreation opportunities. Therefore, the Legislature finds that  
3 the fuel tax baseline established in subdivision (b), attributable to  
4 off-highway estimates of use as of the 2006–07 fiscal year,  
5 accounts for the three categories of vehicles that have been found  
6 over the years to be users of fuel for off-highway motorized  
7 recreation or motorized access to nonmotorized recreational  
8 pursuits. These three categories are registered off-highway  
9 motorized vehicles, registered street-legal motorized vehicles used  
10 off highway, and unregistered off-highway motorized vehicles.

11 (d) It is the intent of the Legislature that the off-highway motor  
12 vehicle recreational use to be determined by the Department of  
13 Transportation pursuant to paragraph (2) of subdivision (b) be that  
14 usage by vehicles subject to registration under Division 3  
15 (commencing with Section 4000) of the Vehicle Code, for  
16 recreation or the pursuit of recreation on surfaces where the use  
17 of vehicles registered under Division 16.5 (commencing with  
18 Section 38000) of the Vehicle Code may occur.

19 (e) In the 2014–15 fiscal year, the Department of Transportation,  
20 in consultation with the Department of Parks and Recreation and  
21 the Department of Motor Vehicles, shall undertake a study to  
22 determine the appropriate adjustment to the amount transferred  
23 pursuant to subdivision (b) and to update the estimate of the amount  
24 attributable to taxes imposed upon distributions of motor vehicle  
25 fuel used in the operation of motor vehicles off highway and for  
26 which a refund has not been claimed. The department shall provide  
27 a copy of this study to the Legislature no later than January 1,  
28 2016.

29 SEC. 25. Section 13152 of the Revenue and Taxation Code is  
30 amended to read:

31 13152. (a) Except as otherwise provided in subdivision (b),  
32 the money in the Insurance Tax Fund shall, upon order of the  
33 Controller, be drawn therefrom for refunds under this part or be  
34 transferred to the General Fund of the State.

35 (b) The portion of revenues in the Insurance Tax Fund  
36 attributable to the tax on automobile or motor vehicle policies,  
37 following the issuance of refunds under this part, shall be  
38 transferred to the Traffic Relief and Road Improvement Account  
39 created pursuant to Section 2031 of the Streets and Highways  
40 Code.

1 SEC. 26. Section 143 of the Streets and Highways Code is  
2 amended to read:

3 143. (a) (1) “Best value” means a value determined by  
4 objective criteria, including, but not limited to, price, features,  
5 functions, life-cycle costs, and other criteria deemed appropriate  
6 by the department or the regional transportation agency.

7 (2) “Contracting entity or lessee” means a public or private  
8 entity, or consortia thereof, that has entered into a comprehensive  
9 development lease agreement with the department or a regional  
10 transportation agency for a transportation project pursuant to this  
11 section.

12 (3) “Design-build” means a procurement process in which both  
13 the design and construction of a project are procured from a single  
14 entity.

15 (4) “Regional transportation agency” means any of the  
16 following:

17 (A) A transportation planning agency as defined in Section  
18 29532 or 29532.1 of the Government Code.

19 (B) A county transportation commission as defined in Section  
20 130050, 130050.1, or 130050.2 of the Public Utilities Code.

21 (C) Any other local or regional transportation entity that is  
22 designated by statute as a regional transportation agency.

23 (D) A joint exercise of powers authority as defined in Chapter  
24 5 (commencing with Section 6500) of Division 7 of Title 1 of the  
25 Government Code, with the consent of a transportation planning  
26 agency or a county transportation commission for the jurisdiction  
27 in which the transportation project will be developed.

28 (E) The Santa Clara Valley Transportation Authority established  
29 pursuant to Part 12 (commencing with Section 100000) of Division  
30 10 of the Public Utilities Code.

31 (5) “Public Infrastructure Advisory Commission” means a unit  
32 or auxiliary organization established by the Transportation Agency  
33 that advises the department and regional transportation agencies  
34 in developing transportation projects through performance-based  
35 infrastructure partnerships.

36 (6) “Transportation project” means one or more of the following:  
37 planning, design, development, finance, construction,  
38 reconstruction, rehabilitation, improvement, acquisition, lease,  
39 operation, or maintenance of highway, public street, rail, or related  
40 facilities supplemental to existing facilities currently owned and

1 operated by the department or regional transportation agencies  
2 that is consistent with the requirements of subdivision (c).

3 (b) (1) The Public Infrastructure Advisory Commission shall  
4 do all of the following:

5 (A) Identify transportation project opportunities throughout the  
6 state.

7 (B) Research and document similar transportation projects  
8 throughout the state, nationally, and internationally, and further  
9 identify and evaluate lessons learned from these projects.

10 (C) Assemble and make available to the department or regional  
11 transportation agencies a library of information, precedent,  
12 research, and analysis concerning infrastructure partnerships and  
13 related types of public-private transactions for public infrastructure.

14 (D) Advise the department and regional transportation agencies,  
15 upon request, regarding infrastructure partnership suitability and  
16 best practices.

17 (E) Provide, upon request, procurement-related services to the  
18 department and regional transportation agencies for infrastructure  
19 partnership.

20 (2) The Public Infrastructure Advisory Commission may charge  
21 a fee to the department and regional transportation agencies for  
22 the services described in subparagraphs (D) and (E) of paragraph  
23 (1), the details of which shall be articulated in an agreement entered  
24 into between the Public Infrastructure Advisory Commission and  
25 the department or the regional transportation agency.

26 (c) (1) Notwithstanding any other provision of law, only the  
27 department, in cooperation with regional transportation agencies,  
28 and regional transportation agencies, may solicit proposals, accept  
29 unsolicited proposals, negotiate, and enter into comprehensive  
30 development lease agreements with public or private entities, or  
31 consortia thereof, for transportation projects.

32 (2) Projects proposed pursuant to this section and associated  
33 lease agreements shall be submitted to the California Transportation  
34 Commission. The commission, at a regularly scheduled public  
35 hearing, shall select the candidate projects from projects nominated  
36 by the department or a regional transportation agency after  
37 reviewing the nominations for consistency with paragraphs (3)  
38 and (4). Approved projects may proceed with the process described  
39 in paragraph (5).

1 (3) The projects authorized pursuant to this section shall be  
2 primarily designed to achieve the following performance  
3 objectives:

4 (A) Improve mobility by improving travel times or reducing  
5 the number of vehicle hours of delay in the affected corridor.

6 (B) Improve the operation or safety of the affected corridor.

7 (C) Provide quantifiable air quality benefits for the region in  
8 which the project is located.

9 (4) In addition to meeting the requirements of paragraph (3),  
10 the projects authorized pursuant to this section shall address a  
11 known forecast demand, as determined by the department or  
12 regional transportation agency.

13 (5) At least 60 days prior to executing a final lease agreement  
14 authorized pursuant to this section, the department or regional  
15 transportation agency shall submit the agreement to the Legislature  
16 and the Public Infrastructure Advisory Commission for review.  
17 Prior to submitting a lease agreement to the Legislature and the  
18 Public Infrastructure Advisory Commission, the department or  
19 regional transportation agency shall conduct at least one public  
20 hearing at a location at or near the proposed facility for purposes  
21 of receiving public comment on the lease agreement. Public  
22 comments made during this hearing shall be submitted to the  
23 Legislature and the Public Infrastructure Advisory Commission  
24 with the lease agreement. The Secretary of Transportation or the  
25 chairperson of the Senate or Assembly fiscal committees or policy  
26 committees with jurisdiction over transportation matters may, by  
27 written notification to the department or regional transportation  
28 agency, provide any comments about the proposed agreement  
29 within the 60-day period prior to the execution of the final  
30 agreement. The department or regional transportation agency shall  
31 consider those comments prior to executing a final agreement and  
32 shall retain the discretion for executing the final lease agreement.

33 (d) For the purpose of facilitating those projects, the agreements  
34 between the parties may include provisions for the lease of  
35 rights-of-way in, and airspace over or under, highways, public  
36 streets, rail, or related facilities for the granting of necessary  
37 easements, and for the issuance of permits or other authorizations  
38 to enable the construction of transportation projects. Facilities  
39 subject to an agreement under this section shall, at all times, be  
40 owned by the department or the regional transportation agency,

1 as appropriate. For department projects, the commission shall  
2 certify the department's determination of the useful life of the  
3 project in establishing the lease agreement terms. In consideration  
4 therefor, the agreement shall provide for complete reversion of the  
5 leased facility, together with the right to collect tolls and user fees,  
6 to the department or regional transportation agency, at the  
7 expiration of the lease at no charge to the department or regional  
8 transportation agency. At the time of the reversion, the facility  
9 shall be delivered to the department or regional transportation  
10 agency, as applicable, in a condition that meets the performance  
11 and maintenance standards established by the department or  
12 regional transportation agency and that is free of any encumbrance,  
13 lien, or other claims.

14 (e) Agreements between the department or regional  
15 transportation agency and the contracting entity or lessee shall  
16 authorize the contracting entity or lessee to use a design-build  
17 method of procurement for transportation projects, subject to the  
18 requirements for utilizing such a method contained in Chapter 6.5  
19 (commencing with Section 6820) of Part 1 of Division 2 of the  
20 Public Contract Code, other than Sections 6821 and 6822 of that  
21 code.

22 (f) (1) (A) Notwithstanding any other provision of this chapter,  
23 for projects on the state highway system, the department is the  
24 responsible agency for the performance of project development  
25 services, including performance specifications, preliminary  
26 engineering, prebid services, the preparation of project reports and  
27 environmental documents, and construction inspection services.  
28 The department is also the responsible agency for the preparation  
29 of documents that may include, but need not be limited to, the size,  
30 type, and desired design character of the project, performance  
31 specifications covering the quality of materials, equipment, and  
32 workmanship, preliminary plans, and any other information deemed  
33 necessary to describe adequately the needs of the department or  
34 regional transportation agency.

35 (B) The department may use department employees or  
36 consultants to perform the services described in subparagraph (A),  
37 consistent with Article XXII of the California Constitution.  
38 Department resources, including personnel requirements, necessary  
39 for the performance of those services shall be included in the



1 department's capital outlay support program for workload purposes  
2 in the annual Budget Act.

3 (2) The department or a regional transportation agency may  
4 exercise any power possessed by it with respect to transportation  
5 projects to facilitate the transportation projects pursuant to this  
6 section. The department, regional transportation agency, and other  
7 state or local agencies may provide services to the contracting  
8 entity or lessee for which the public entity is reimbursed, including,  
9 but not limited to, planning, environmental planning, environmental  
10 certification, environmental review, preliminary design, design,  
11 right-of-way acquisition, construction, maintenance, and policing  
12 of these transportation projects. The department or regional  
13 transportation agency, as applicable, shall regularly inspect the  
14 facility and require the contracting entity or lessee to maintain and  
15 operate the facility according to adopted standards. Except as may  
16 otherwise be set forth in the lease agreement, the contracting entity  
17 or lessee shall be responsible for all costs due to development,  
18 maintenance, repair, rehabilitation, and reconstruction, and  
19 operating costs.

20 (g) (1) In selecting private entities with which to enter into  
21 these agreements, notwithstanding any other provision of law, the  
22 department and regional transportation agencies may utilize, but  
23 are not limited to utilizing, one or more of the following  
24 procurement approaches:

25 (A) Solicitations of proposals for defined projects and calls for  
26 project proposals within defined parameters.

27 (B) Prequalification and short-listing of proposers prior to final  
28 evaluation of proposals.

29 (C) Final evaluation of proposals based on qualifications and  
30 best value. The California Transportation Commission shall  
31 develop and adopt criteria for making that evaluation prior to  
32 evaluation of a proposal.

33 (D) Negotiations with proposers prior to award.

34 (E) Acceptance of unsolicited proposals, with issuance of  
35 requests for competing proposals. Neither the department nor a  
36 regional transportation agency may award a contract to an  
37 unsolicited bidder without receiving at least one other responsible  
38 bid.

39 (2) When evaluating a proposal submitted by the contracting  
40 entity or lessee, the department or the regional transportation

1 agency may award a contract on the basis of the lowest bid or best  
2 value.

3 (h) The contracting entity or lessee shall have the following  
4 qualifications:

5 (1) Evidence that the members of the contracting entity or lessee  
6 have completed, or have demonstrated the experience, competency,  
7 capability, and capacity to complete, a project of similar size,  
8 scope, or complexity, and that proposed key personnel have  
9 sufficient experience and training to competently manage and  
10 complete the design and construction of the project, and a financial  
11 statement that ensures that the contracting entity or lessee has the  
12 capacity to complete the project.

13 (2) The licenses, registration, and credentials required to design  
14 and construct the project, including, but not limited to, information  
15 on the revocation or suspension of any license, credential, or  
16 registration.

17 (3) Evidence that establishes that members of the contracting  
18 entity or lessee have the capacity to obtain all required payment  
19 and performance bonding, liability insurance, and errors and  
20 omissions insurance.

21 (4) Evidence that the contracting entity or lessee has workers'  
22 compensation experience, history, and a worker safety program  
23 of members of the contracting entity or lessee that is acceptable  
24 to the department or regional transportation agency.

25 (5) A full disclosure regarding all of the following with respect  
26 to each member of the contracting entity or lessee during the past  
27 five years:

28 (A) Any serious or willful violation of Part 1 (commencing with  
29 Section 6300) of Division 5 of the Labor Code or the federal  
30 Occupational Safety and Health Act of 1970 (Public Law 91-596).

31 (B) Any instance where members of the contracting entity or  
32 lessee were debarred, disqualified, or removed from a federal,  
33 state, or local government public works project.

34 (C) Any instance where members of the contracting entity or  
35 lessee, or its owners, officers, or managing employees submitted  
36 a bid on a public works project and were found to be nonresponsive  
37 or were found by an awarding body not to be a responsible bidder.

38 (D) Any instance where members of the contracting entity or  
39 lessee, or its owners, officers, or managing employees defaulted  
40 on a construction contract.

1 (E) Any violations of the Contractors' State License Law  
2 (Chapter 9 (commencing with Section 7000) of Division 3 of the  
3 Business and Professions Code), including, but not limited to,  
4 alleged violations of federal or state law regarding the payment of  
5 wages, benefits, apprenticeship requirements, or personal income  
6 tax withholding, or Federal Insurance Contributions Act (FICA)  
7 withholding requirements.

8 (F) Any bankruptcy or receivership of any member of the  
9 contracting entity or lessee, including, but not limited to,  
10 information concerning any work completed by a surety.

11 (G) Any settled adverse claims, disputes, or lawsuits between  
12 the owner of a public works project and any member of the  
13 contracting entity or lessee during the five years preceding  
14 submission of a bid under this article, in which the claim,  
15 settlement, or judgment exceeds fifty thousand dollars (\$50,000).  
16 Information shall also be provided concerning any work completed  
17 by a surety during this five-year period.

18 (H) If the contracting entity or lessee is a partnership, joint  
19 venture, or an association that is not a legal entity, a copy of the  
20 agreement creating the partnership or association that specifies  
21 that all general partners, joint venturers, or association members  
22 agree to be fully liable for the performance under the agreement.

23 (i) No agreement entered into pursuant to this section shall  
24 infringe on the authority of the department or a regional  
25 transportation agency to develop, maintain, repair, rehabilitate,  
26 operate, or lease any transportation project. Lease agreements may  
27 provide for reasonable compensation to the contracting entity or  
28 lessee for the adverse effects on toll revenue or user fee revenue  
29 due to the development, operation, or lease of supplemental  
30 transportation projects with the exception of any of the following:

31 (1) Projects identified in regional transportation plans prepared  
32 pursuant to Section 65080 of the Government Code.

33 (2) Safety projects.

34 (3) Improvement projects that will result in incidental capacity  
35 increases.

36 (4) Additional high-occupancy vehicle lanes or the conversion  
37 of existing lanes to high-occupancy vehicle lanes.

38 (5) Projects located outside the boundaries of a public-private  
39 partnership project, to be defined by the lease agreement.

1 However, compensation to a contracting entity or lessee shall  
2 only be made after a demonstrable reduction in use of the facility  
3 resulting in reduced toll or user fee revenues, and may not exceed  
4 the difference between the reduction in those revenues and the  
5 amount necessary to cover the costs of debt service, including  
6 principal and interest on any debt incurred for the development,  
7 operation, maintenance, or rehabilitation of the facility.

8 (j) (1) Agreements entered into pursuant to this section shall  
9 authorize the contracting entity or lessee to impose tolls and user  
10 fees for use of a facility constructed by it, and shall require that  
11 over the term of the lease the toll revenues and user fees be applied  
12 to payment of the capital outlay costs for the project, the costs  
13 associated with operations, toll and user fee collection,  
14 administration of the facility, reimbursement to the department or  
15 other governmental entity for the costs of services to develop and  
16 maintain the project, police services, and a reasonable return on  
17 investment. The agreement shall require that, notwithstanding  
18 Sections 164, 188, and 188.1, any excess toll or user fee revenue  
19 either be applied to any indebtedness incurred by the contracting  
20 entity or lessee with respect to the project, improvements to the  
21 project, or be paid into the State Highway Account, or for all three  
22 purposes, except that any excess toll revenue under a lease  
23 agreement with a regional transportation agency may be paid to  
24 the regional transportation agency for use in improving public  
25 transportation in and near the project boundaries.

26 (2) Lease agreements shall establish specific toll or user fee  
27 rates. Any proposed increase in those rates not otherwise  
28 established or identified in the lease agreement during the term of  
29 the agreement shall first be approved by the department or regional  
30 transportation agency, as appropriate, after at least one public  
31 hearing conducted at a location near the proposed or existing  
32 facility.

33 (3) The collection of tolls and user fees for the use of these  
34 facilities may be extended by the commission or regional  
35 transportation agency at the expiration of the lease agreement.  
36 However, those tolls or user fees shall not be used for any purpose  
37 other than for the improvement, continued operation, or  
38 maintenance of the facility.

39 (k) Agreements entered into pursuant to this section shall include  
40 indemnity, defense, and hold harmless provisions agreed to by the

1 department or regional transportation agency and the contracting  
2 entity or lessee, including provisions for indemnifying the State  
3 of California or the regional transportation agency against any  
4 claims or losses resulting or accruing from the performance of the  
5 contracting entity or lessee.

6 (l) The plans and specifications for each transportation project  
7 on the state highway system developed, maintained, repaired,  
8 rehabilitated, reconstructed, or operated pursuant to this section  
9 shall comply with the department's standards for state  
10 transportation projects. The lease agreement shall include  
11 performance standards, including, but not limited to, levels of  
12 service. The agreement shall require facilities on the state highway  
13 system to meet all requirements for noise mitigation, landscaping,  
14 pollution control, and safety that otherwise would apply if the  
15 department were designing, building, and operating the facility.  
16 If a facility is on the state highway system, the facility leased  
17 pursuant to this section shall, during the term of the lease, be  
18 deemed to be a part of the state highway system for purposes of  
19 identification, maintenance, enforcement of traffic laws, and for  
20 the purposes of Division 3.6 (commencing with Section 810) of  
21 Title 1 of the Government Code.

22 (m) Failure to comply with the lease agreement in any significant  
23 manner shall constitute a default under the agreement and the  
24 department or the regional transportation agency, as appropriate,  
25 shall have the option to initiate processes to revert the facility to  
26 the public agency.

27 (n) The assignment authorized by subdivision (c) of Section  
28 130240 of the Public Utilities Code is consistent with this section.

29 (o) A lease to a private entity pursuant to this section is deemed  
30 to be public property for a public purpose and exempt from  
31 leasehold, real property, and ad valorem taxation, except for the  
32 use, if any, of that property for ancillary commercial purposes.

33 (p) Nothing in this section is intended to infringe on the authority  
34 to develop high-occupancy toll lanes.

35 (q) Nothing in this section shall be construed to allow the  
36 conversion of any existing nontoll or nonuser-fee lanes into tolled  
37 or user fee lanes with the exception of a high-occupancy vehicle  
38 lane that may be operated as a high-occupancy toll lane for vehicles  
39 not otherwise meeting the requirements for use of that lane.

(r) The lease agreement shall require the contracting entity or lessee to provide any information or data requested by the California Transportation Commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of each project and ultimately on the operation of the resulting facility. The report shall include, but not be limited to, a review of the performance standards, a financial analysis, and any concerns or recommendations for changes in the program authorized by this section.

(s) Notwithstanding any other provision of this section, no lease agreement may be entered into pursuant to the section that affects, alters, or supersedes the Memorandum of Understanding (MOU), dated November 26, 2008, entered into by the Golden Gate Bridge Highway and Transportation District, the Metropolitan Transportation Commission, and the San Francisco County Transportation Authority, relating to the financing of the U.S. Highway 101/Doyle Drive reconstruction project located in the City and County of San Francisco.

(t) A lease shall not be entered into under this section on or after January 1, 2030.

SEC. 27. Section 183.1 of the Streets and Highways Code is amended to read:

183.1. Except as otherwise provided in Section 54237.7 of the Government Code, money deposited into the account that is not subject to Article XIX of the California Constitution, including, but not limited to, money that is derived from the sale of documents, charges for miscellaneous services to the public, condemnation deposits fund investments, rental of state property, or any other miscellaneous uses of property or money, shall be deposited in the Traffic Relief and Road Improvement Account created pursuant to Section 2031.

SEC. 28. Chapter 2 (commencing with Section 2030) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 2. TRAFFIC RELIEF AND ROAD IMPROVEMENT  
PROGRAM

2030. (a) The Traffic Relief and Road Improvement Program is hereby created to address traffic congestion and deferred

1 maintenance on the state highway system and the local street and  
2 road system. Funds made available by the program shall be  
3 prioritized for expenditure on congestion relief projects, basic road  
4 maintenance and road rehabilitation projects, and critical safety  
5 projects. For funds appropriated pursuant to subdivision (a) of  
6 Section 2032, the California Transportation Commission shall  
7 adopt performance criteria, consistent with the asset management  
8 plan required pursuant to 14526.4 of the Government Code, to  
9 ensure efficient use of the funds available for these purposes in  
10 the program. For funds appropriated pursuant to subdivision (c)  
11 of Section 2032, the California Transportation Commission shall  
12 develop metrics to identify projects that will achieve the greatest  
13 traffic reduction benefits. These metrics may include  
14 socioeconomic factors.

15 (b) (1) Funds made available by the program shall be used for  
16 projects that include, but are not limited to, the following:

17 (A) Capacity expansion and technology upgrades to reduce  
18 traffic congestion.

19 (B) Road maintenance and rehabilitation.

20 (C) Safety projects.

21 (D) Railroad grade separations.

22 (E) Traffic control devices.

23 (2) Funds made available by the program may also be used to  
24 satisfy a match requirement in order to obtain state or federal funds  
25 for projects authorized by this subdivision.

26 2031. The following revenues shall be deposited in the Traffic  
27 Relief and Road Improvement Account, which is hereby created  
28 in the State Transportation Fund:

29 (a) The sales and use tax revenues from motor vehicle sales and  
30 purchases, pursuant to Sections 6051.9 and 6201.9 of the Revenue  
31 and Taxation Code.

32 (b) The insurance tax revenues from automobile and motor  
33 vehicle policies, pursuant to Section 13152 of the Revenue and  
34 Taxation Code.

35 (c) The diesel fuel sales and use tax revenues available pursuant  
36 to Sections 6051.8 and 6201.8 of the Revenue and Taxation Code.

37 (d) The revenues from vehicle registration fee increases available  
38 pursuant to Section 44060.5 of the Health and Safety Code and  
39 Section 9250.1 of the Vehicle Code.

1 (e) The revenues deposited in the account pursuant to Section  
2 183.1 of the Streets and Highways Code.

3 (f) Any other revenues designated for the program.

4 2031.5. Each fiscal year the annual Budget Act shall contain  
5 an appropriation from the Traffic Relief and Road Improvement  
6 Account to the Controller for the costs of carrying out his or her  
7 duties pursuant to this chapter and to the California Transportation  
8 Commission for the costs of carrying out its duties pursuant to this  
9 chapter and Section 14526.7 of the Government Code.

10 2032. Notwithstanding Section 13340 of the Government Code,  
11 the balance of the revenues deposited in the Traffic Relief and  
12 Road Improvement Account are hereby continuously appropriated  
13 as follows:

14 (a) Forty percent for transfer to the State Highway Account for  
15 allocation to the department for maintenance of the state highway  
16 system or for purposes of the State Highway Operation and  
17 Protection Program.

18 (b) Forty percent for apportionment to cities and counties by  
19 the Controller pursuant to the formula in subparagraphs (A) and  
20 (B) of paragraph (3) of subdivision (a) of Section 2103 for the  
21 purposes authorized by this chapter.

22 (c) Twenty percent to the State Highway Account to fund  
23 projects in the State Transportation Improvement Program that  
24 create measurable reductions in traffic congestion.

25 2033. (a) (1) Prior to receiving an apportionment of funds  
26 under the program pursuant to subdivision (b) of Section 2032  
27 from the Controller in a fiscal year, an eligible city or county shall  
28 submit to the commission a list of projects proposed to be funded  
29 with these funds pursuant to an adopted city or county budget. All  
30 projects proposed to receive funding shall be included in a city or  
31 county budget that is adopted by the applicable city council or  
32 county board of supervisors at a regular public meeting. The list  
33 of projects proposed to be funded with these funds shall include  
34 a description and the location of each proposed project, a proposed  
35 schedule for the project's completion, and the estimated useful life  
36 of the improvement. The project list shall not limit the flexibility  
37 of an eligible city or county to fund projects in accordance with  
38 local needs and priorities so long as the projects are consistent  
39 with subdivision (b) of Section 2030.



1 (2) The commission shall report to the Controller the cities and  
2 counties that have submitted a list of projects as described in this  
3 subdivision and that are therefore eligible to receive an  
4 apportionment of funds under the program for the applicable fiscal  
5 year. The Controller, upon receipt of the report, shall apportion  
6 funds to eligible cities and counties.

7 (b) For each fiscal year, each city or county receiving an  
8 apportionment of funds shall, upon expending program funds,  
9 submit documentation to the commission that includes a description  
10 and location of each completed project, the amount of funds  
11 expended on the project, the completion date, and the estimated  
12 useful life of the improvement.

13 2034. (a) Cities and counties shall maintain their existing  
14 commitment of local funds for street, road, and highway purposes  
15 in order to remain eligible for an allocation or apportionment of  
16 funds pursuant to Section 2032.

17 (b) In order to receive an allocation or apportionment pursuant  
18 to Section 2032, the city or county shall annually expend from its  
19 general fund for street, road, and highway purposes an amount not  
20 less than the annual average of its expenditures from its general  
21 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as  
22 reported to the Controller pursuant to Section 2151. For purposes  
23 of this subdivision, in calculating a city's or county's annual  
24 general fund expenditures and its average general fund expenditures  
25 for the 2009–10, 2010–11, and 2011–12 fiscal years, any  
26 unrestricted funds that the city or county may expend at its  
27 discretion, including vehicle in-lieu tax revenues and revenues  
28 from fines and forfeitures, expended for street, road, and highway  
29 purposes shall be considered expenditures from the general fund.  
30 One-time allocations that have been expended for street and  
31 highway purposes, but which may not be available on an ongoing  
32 basis, including revenue provided under the Teeter Plan Bond Law  
33 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1  
34 of Division 2 of Title 5 of the Government Code), may not be  
35 considered when calculating a city's or county's annual general  
36 fund expenditures.

37 (c) For any city incorporated after July 1, 2009, the Controller  
38 shall calculate an annual average expenditure for the period  
39 between July 1, 2009, and December 31, 2015, inclusive, that the  
40 city was incorporated.

(d) For purposes of subdivision (b), the Controller may request fiscal data from cities and counties in addition to data provided pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12 fiscal years. Each city and county shall furnish the data to the Controller not later than 120 days after receiving the request. The Controller may withhold payment to cities and counties that do not comply with the request for information or that provide incomplete data.

(e) The Controller may perform audits to ensure compliance with subdivision (b) when deemed necessary. Any city or county that has not complied with subdivision (b) shall reimburse the state for the funds it received during that fiscal year. Any funds withheld or returned as a result of a failure to comply with subdivision (b) shall be reapportioned to the other cities and counties whose expenditures are in compliance.

(f) If a city or county fails to comply with the requirements of subdivision (b) in a particular fiscal year, the city or county may expend during that fiscal year and the following fiscal year a total amount that is not less than the total amount required to be expended for those fiscal years for purposes of complying with subdivision (b).

2035. The department shall implement efficiency measures with the goal to generate at least one hundred million dollars (\$100,000,000) per year in savings. The department shall annually identify savings achieved through efficiencies implemented at the department. The department, through the annual budget process, shall propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to one hundred million dollars (\$100,000,000), but not to exceed the total annual identified savings, from the State Highway Account for expenditure on the Active Transportation Program created pursuant to Chapter 8 (commencing with Section 2380) of Division 3 to be allocated by the California Transportation Commission pursuant to Section 2381.

2036. The department shall increase its annual use of contract staff resources so that 20 percent of its capital outlay support staff consists of those resources by the 2020–21 fiscal year.

SEC. 29. Section 2103 of the Streets and Highways Code is amended to read:

1     2103. (a) Notwithstanding Section 13340 of the Government  
2 Code, of the net revenues deposited to the credit of the Highway  
3 Users Tax Account that are derived from the increases in the rate  
4 of tax that is imposed pursuant to subdivision (b) of Section 7360  
5 of the Revenue and Taxation Code, all of the following shall occur  
6 on a monthly basis:

7     (1) Forty-four percent shall be transferred by the Controller to  
8 the State Highway Account to fund projects in the State  
9 Transportation Improvement Program that are consistent with  
10 Section 2 of Article XIX of the California Constitution.

11     (2) Twelve percent shall be transferred by the Controller to the  
12 State Highway Account to fund projects in the State Highway  
13 Operation and Protection Program.

14     (3) Forty-four percent shall be apportioned by the Controller  
15 for local street and road purposes as follows:

16     (A) Fifty percent shall be apportioned by the Controller to cities,  
17 including a city and county, in the proportion that the total  
18 population of the city bears to the total population of all the cities  
19 in the state.

20     (B) Fifty percent shall be apportioned by the Controller to  
21 counties, including a city and county, in accordance with the  
22 following formulas:

23     (i) Seventy-five percent shall be apportioned among the counties  
24 in the proportion that the number of fee-paid and exempt vehicles  
25 that are registered in the county bear to the number of fee-paid and  
26 exempt vehicles registered in the state.

27     (ii) Twenty-five percent shall be apportioned among the counties  
28 in the proportion that the number of miles of maintained county  
29 roads in each county bear to the total number of miles of  
30 maintained county roads in the state. For the purposes of  
31 apportioning funds under this subparagraph, any roads within the  
32 boundaries of a city and county that are not state highways shall  
33 be deemed to be county roads.

34     (b) After the transfers or other actions pursuant to subdivision  
35 (a), at least 90 percent of the balance deposited to the credit of the  
36 Highway Users Tax Account in the Transportation Tax Fund by  
37 the 28th day of each month shall be apportioned or transferred, as  
38 applicable, by the Controller by the second working day thereafter,  
39 except for June, in which case the apportionment or transfer shall  
40 be made the same day. These apportionments or transfers shall be

1 made as provided for in Sections 2104 to 2122, inclusive. If  
2 information is not available to make the apportionment or transfer  
3 as required, the apportionment or transfer shall be made on the  
4 basis of the information of the previous month. Amounts not  
5 apportioned or transferred shall be included in the apportionment  
6 or transfer of the subsequent month.

7 (c) Notwithstanding any other law, the funds apportioned by  
8 the Controller to cities and counties pursuant to paragraph (3) of  
9 subdivision (a) are not subject to Section 7104 or 7104.2 of the  
10 Revenue and Taxation Code. These funds may be expended for  
11 any street and road purpose consistent with the requirements of  
12 this chapter.

13 SEC. 30. Section 2192 of the Streets and Highways Code is  
14 amended to read:

15 2192. (a) (1) The Trade Corridors Improvement Fund, created  
16 pursuant to subdivision (c) of Section 8879.23 of the Government  
17 Code, is hereby continued in existence to receive revenues from  
18 sources other than the Highway Safety, Traffic Reduction, Air  
19 Quality, and Port Security Bond Act of 2006.

20 (2) Revenues apportioned to the state under Section 167 of Title  
21 23 of the United States Code from the National Highway Freight  
22 Program, pursuant to the federal Fixing America's Surface  
23 Transportation Act ("FAST Act"; Public Law 114-94) shall be  
24 allocated for projects approved pursuant to this chapter.

25 (b) This chapter shall govern expenditure of those state and  
26 federal revenues described in subdivision (a).

27 (c) The funding described in subdivision (a) shall be available  
28 upon appropriation for allocation by the California Transportation  
29 Commission for infrastructure improvements in this state on  
30 federally designated Trade Corridors of National and Regional  
31 Significance, on the Primary Freight Network, and along other  
32 corridors that have a high volume of freight movement, as  
33 determined by the commission. In determining the projects eligible  
34 for funding, the commission shall consult the Transportation  
35 Agency's state freight plan as described in Section 13978.8 of the  
36 Government Code, and the trade infrastructure and goods  
37 movement plan submitted to the commission by the Secretary of  
38 Transportation and the Secretary for Environmental Protection.  
39 The commission shall also consult trade infrastructure and goods  
40 movement plans adopted by regional transportation planning

1 agencies, adopted regional transportation plans required by state  
2 and federal law, and the applicable port master plan when  
3 determining eligible projects for funding. Eligible projects for  
4 these funds include, but are not limited to, all of the following:

5 (1) Highway capacity improvements, rail landside access  
6 improvements, landside freight access improvements to airports,  
7 and operational improvements to more efficiently accommodate  
8 the movement of freight, particularly for ingress and egress to and  
9 from the state's land ports of entry, rail terminals, and seaports,  
10 including navigable inland waterways used to transport freight  
11 between seaports, land ports of entry, and airports, and to relieve  
12 traffic congestion along major trade or goods movement corridors.

13 (2) Freight rail system improvements to enhance the ability to  
14 move goods from seaports, land ports of entry, and airports to  
15 warehousing and distribution centers throughout California,  
16 including projects that separate rail lines from highway or local  
17 road traffic, improve freight rail mobility through mountainous  
18 regions, relocate rail switching yards, and other projects that  
19 improve the efficiency and capacity of the rail freight system.

20 (3) Projects to enhance the capacity and efficiency of ports.

21 (4) Truck corridor and capital and operational improvements,  
22 including dedicated truck facilities or truck toll facilities.

23 (5) Border capital and operational improvements that enhance  
24 goods movement between California and Mexico and that  
25 maximize the state's ability to access funds made available to the  
26 state by federal law.

27 (6) Surface transportation and connector road improvements to  
28 effectively facilitate the movement of goods, particularly for  
29 ingress and egress to and from the state's land ports of entry,  
30 airports, and seaports, to relieve traffic congestion along major  
31 trade or goods movement corridors.

32 (d) (1) Except as provided in paragraph (2), the commission  
33 shall allocate the funding described in subdivision (a) for trade  
34 infrastructure improvements consistent with Section 8879.52 of  
35 the Government Code and the Trade Corridors Improvement Fund  
36 (TCIF) Guidelines adopted by the commission on November 27,  
37 2007, or as amended by the commission, and in a manner that (A)  
38 addresses the state's most urgent needs, (B) balances the demands  
39 of various land ports of entry, seaports, and airports, (C) provides  
40 reasonable geographic balance between the state's regions, (D)

1 places emphasis on projects that improve trade corridor mobility  
2 and safety while reducing emissions of diesel particulate and other  
3 pollutant emissions, and (E) makes a significant contribution to  
4 the state's economy.

5 (2) The commission shall allocate the federal freight funding,  
6 specifically, pursuant to the original TCIF Guidelines, as adopted  
7 by the commission on November 27, 2007, and in the manner  
8 described in subparagraphs (A) to (E), inclusive, of paragraph (1).

9 (3) In addition, the commission shall also consider the following  
10 factors when allocating these funds:

11 (A) "Velocity," which means the speed by which large cargo  
12 would travel from the land port of entry or seaport through the  
13 distribution system.

14 (B) "Throughput," which means the volume of cargo that would  
15 move from the land port of entry or seaport through the distribution  
16 system.

17 (C) "Reliability," which means a reasonably consistent and  
18 predictable amount of time for cargo to travel from one point to  
19 another on any given day or at any given time in California.

20 (D) "Congestion reduction," which means the reduction in  
21 recurrent daily hours of delay to be achieved.

22 SEC. 31. Section 2192.2 of the Streets and Highways Code is  
23 amended to read:

24 2192.2. The commission shall allocate funds made available  
25 by this chapter to projects that have identified and committed  
26 supplemental funding from appropriate local, federal, or private  
27 sources. The commission shall determine the appropriate amount  
28 of supplemental funding each project should have to be eligible  
29 for moneys based on a project-by-project review and an assessment  
30 of the project's benefit to the state and the program. Funded  
31 improvements shall have supplemental funding that is at least equal  
32 to the amount of the contribution under this chapter. The  
33 commission may give priority for funding to projects with higher  
34 levels of committed supplemental funding.

35 SEC. 32. Section 9250.1 of the Vehicle Code is amended to  
36 read:

37 9250.1. (a) Beginning July 1, 2008, the fee described in Section  
38 9250 shall be increased by three dollars (\$3).

39 (b) Except as otherwise specified in subdivision (c), two dollars  
40 (\$2) of the increase shall be deposited into the Alternative and

Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code, and one dollar (\$1) shall be deposited into the Enhanced Fleet Modernization Subaccount created by Section 44126 of the Health and Safety Code.

(c) If a transfer is made pursuant to subdivision (d) of Section 39719 of the Health and Safety Code, the equivalent amount of revenues generated by the fee increase in subdivision (a) shall be transferred to the Traffic Relief and Road Improvement Account created pursuant to Section 2031 of the Streets and Highways Code.

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 33. Section 9400.1 of the Vehicle Code is amended to read:

9400.1. (a) (1) In addition to any other required fee, there shall be paid the fees set forth in this section for the registration of commercial motor vehicles operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more. Pickup truck and electric vehicle weight fees are not calculated under this section.

(2) The weight of a vehicle issued an identification plate pursuant to an application under Section 5014, and the weight of an implement of husbandry as defined in Section 36000, shall not be considered when calculating, pursuant to this section, the declared gross vehicle weight of a towing commercial motor vehicle that is owned and operated exclusively by a farmer or an employee of a farmer in the conduct of agricultural operations.

(3) Tow trucks that are utilized to render assistance to the motoring public or to tow or carry impounded vehicles shall pay fees in accordance with this section, except that the fee calculation shall be based only on the gross vehicle weight rating of the towing or carrying vehicle. Upon each initial or transfer application for registration of a tow truck described in this paragraph, the registered owner or lessee or that owner's or lessee's designee, shall certify to the department the gross vehicle weight rating of the tow truck:

Gross Vehicle Weight Range	Fee
10,001–15,000 .....	\$ 257

1	15,001–20,000 .....	353
2	20,001–26,000 .....	435
3	26,001–30,000 .....	552
4	30,001–35,000 .....	648
5	35,001–40,000 .....	761
6	40,001–45,000 .....	837
7	45,001–50,000 .....	948
8	50,001–54,999 .....	1,039
9	55,000–60,000 .....	1,173
10	60,001–65,000 .....	1,282
11	65,001–70,000 .....	1,398
12	70,001–75,000 .....	1,650
13	75,001–80,000 .....	1,700

14

15 (b) The fees specified in subdivision (a) apply to both of the  
 16 following:

17 (1) An initial or original registration occurring on or after  
 18 December 31, 2001, to December 30, 2003, inclusive, of a  
 19 commercial motor vehicle operated either singly or in combination  
 20 with a declared gross vehicle weight of 10,001 pounds or more.

21 (2) The renewal of registration of a commercial motor vehicle  
 22 operated either singly or in combination, with a declared gross  
 23 vehicle weight of 10,001 pounds or more for which registration  
 24 expires on or after December 31, 2001, to December 30, 2003,  
 25 inclusive.

26 (c) (1) For both an initial or original registration occurring on  
 27 or after December 31, 2003, of a commercial motor vehicle  
 28 operated either singly or in combination with a declared gross  
 29 vehicle weight of 10,001 pounds or more, and the renewal of  
 30 registration of a commercial motor vehicle operated either singly  
 31 or in combination, with a declared gross vehicle weight of 10,001  
 32 pounds or more for which registration expires on or after December  
 33 31, 2003, there shall be paid fees as follows:

34

35	Gross Vehicle Weight Range	Weight Code	Fee
36	10,001–15,000	A	\$ 332
37	15,001–20,000	B	447
38	20,001–26,000	C	546
39	26,001–30,000	D	586
40	30,001–35,000	E	801



1	35,001–40,000	F	937
2	40,001–45,000	G	1,028
3	45,001–50,000	H	1,161
4	50,001–54,999	I	1,270
5	55,000–60,000	J	1,431
6	60,001–65,000	K	1,562
7	65,001–70,000	L	1,701
8	70,001–75,000	M	2,004
9	75,001–80,000	N	2,064

10

11 (2) For the purpose of obtaining “revenue neutrality” as  
 12 described in Sections 1 and 59 of Senate Bill 2084 of the  
 13 1999–2000 Regular Session (Chapter 861 of the Statutes of 2000),  
 14 the Director of Finance shall review the final 2003–04 Statement  
 15 of Transactions of the State Highway Account. If that review  
 16 indicates that the actual truck weight fee revenues deposited in the  
 17 State Highway Account do not total at least seven hundred  
 18 eighty-nine million dollars (\$789,000,000), the Director of Finance  
 19 shall instruct the department to adjust the schedule set forth in  
 20 paragraph (1), but not to exceed the following fee amounts:

21

22	Gross Vehicle Weight Range	Weight Code	Fee
23	10,001–15,000	A	\$ 354
24	15,001–20,000	B	482
25	20,001–26,000	C	591
26	26,001–30,000	D	746
27	30,001–35,000	E	874
28	35,001–40,000	F	1,024
29	40,001–45,000	G	1,125
30	45,001–50,000	H	1,272
31	50,001–54,999	I	1,393
32	55,000–60,000	J	1,571
33	60,001–65,000	K	1,716
34	65,001–70,000	L	1,870
35	70,001–75,000	M	2,204
36	75,001–80,000	N	2,271

37

38 (d) (1) In addition to the fees set forth in subdivision (a), a  
 39 Cargo Theft Interdiction Program fee of three dollars (\$3) shall  
 40 be paid at the time of initial or original registration or renewal of

1 registration of each motor vehicle subject to weight fees under this  
2 section.

3 (2) This subdivision does not apply to vehicles used or  
4 maintained for the transportation of persons for hire, compensation  
5 or profit, and tow trucks.

6 (3) For vehicles registered under Article 4 (commencing with  
7 Section 8050) of Chapter 4, the fee imposed under this subdivision  
8 shall be apportioned as required for registration fees under that  
9 article.

10 (4) Funds collected pursuant to the Cargo Theft Interdiction  
11 Program shall not be proportionately reduced for each month and  
12 shall be transferred to the Motor Carriers Safety Improvement  
13 Fund.

14 (e) Notwithstanding Section 42270 or any other provision of  
15 law, of the moneys collected by the department under this section,  
16 one hundred twenty-two dollars (\$122) for each initial, original,  
17 and renewal registration shall be reported monthly to the Controller,  
18 and at the same time, deposited in the State Treasury to the credit  
19 of the Motor Vehicle Account in the State Transportation Fund.  
20 All other moneys collected by the department under this section  
21 shall be deposited to the credit of the State Highway Account in  
22 the State Transportation Fund. One hundred twenty-two dollars  
23 (\$122) of the fee imposed under this section shall not be  
24 proportionately reduced for each month. For vehicles registered  
25 under Article 4 (commencing with Section 8050) of Chapter 4,  
26 the fee shall be apportioned as required for registration under that  
27 article.

28 (f) (1) The department, in consultation with the Department of  
29 the California Highway Patrol, shall design and make available a  
30 set of distinctive weight decals that reflect the declared gross  
31 combined weight or gross operating weight reported to the  
32 department at the time of initial registration, registration renewal,  
33 or when a weight change is reported to the department pursuant  
34 to Section 9406.1. A new decal shall be issued on each renewal  
35 or when the weight is changed pursuant to Section 9406.1. The  
36 decal for a tow truck that is subject to this section shall reflect the  
37 gross vehicle weight rating or weight code.

38 (2) The department may charge a fee, not to exceed ten dollars  
39 (\$10), for the department's actual cost of producing and issuing  
40 each set of decals issued under paragraph (1).

1 (3) The weight decal shall be in sharp contrast to the background  
2 and shall be of a size, shape, and color that is readily legible during  
3 daylight hours from a distance of 50 feet.

4 (4) Each vehicle subject to this section shall display the weight  
5 decal on both the right and left sides of the vehicle.

6 (5) A person may not display upon a vehicle a decal issued  
7 pursuant to this subdivision that does not reflect the declared weight  
8 reported to the department.

9 (6) Notwithstanding subdivision (e) or any other provision of  
10 law, the moneys collected by the department under this subdivision  
11 shall be deposited in the State Treasury to the credit of the Motor  
12 Vehicle Account in the State Transportation Fund.

13 (7) This subdivision shall apply to vehicles subject to this section  
14 at the time of an initial registration, registration renewal, or reported  
15 weight change that occurs on or after July 1, 2004.

16 (8) The following shall apply to vehicles registered under the  
17 permanent fleet registration program pursuant to Article 9.5  
18 (commencing with Section 5301) of Chapter 1:

19 (A) The department, in consultation with the Department of the  
20 California Highway Patrol, shall distinguish the weight decals  
21 issued to permanent fleet registration vehicles from those issued  
22 to other vehicles.

23 (B) The department shall issue the distinguishable weight decals  
24 only to the following:

25 (i) A permanent fleet registration vehicle that is registered with  
26 the department on January 1, 2005.

27 (ii) On and after January 1, 2005, a vehicle for which the  
28 department has an application for initial registration as a permanent  
29 fleet registration vehicle.

30 (iii) On and after January 1, 2005, a permanent fleet registration  
31 vehicle that has a weight change pursuant to Section 9406.1.

32 (C) The weight decal issued under this paragraph shall comply  
33 with the applicable provisions of paragraphs (1) to (6), inclusive.

34 SEC. 34. Section 9400.4 of the Vehicle Code is repealed.

35 SEC. 35. Section 42205 of the Vehicle Code is amended to  
36 read:

37 42205. (a) Notwithstanding Chapter 3 (commencing with  
38 Section 42270), the department shall file, at least monthly with  
39 the Controller, a report of money received by the department  
40 pursuant to Section 9400 for the previous month and shall, at the

1 same time, remit all money so reported to the Treasurer. On order  
2 of the Controller, the Treasurer shall deposit all money so remitted  
3 into the State Highway Account in the State Transportation Fund.

4 (b) The Legislature shall appropriate from the State Highway  
5 Account in the State Transportation Fund to the department and  
6 the Franchise Tax Board amounts equal to the costs incurred by  
7 each in performing their duties pursuant to Article 3 (commencing  
8 with Section 9400) of Chapter 6 of Division 3. The applicable  
9 amounts shall be determined so that the appropriate costs for  
10 registration and weight fee collection activities are appropriated  
11 between the recipients of revenues in proportion to the revenues  
12 that would have been received individually by those recipients if  
13 the total fee imposed under the Vehicle License Fee Law (Part 5  
14 (commencing with Section 10701) of Division 2 of the Revenue  
15 and Taxation Code) was 2 percent of the market value of a vehicle.  
16 The remainder of the funds collected under Section 9400 and  
17 deposited in the account may be appropriated to the Department  
18 of Transportation, the Department of the California Highway  
19 Patrol, and the Department of Motor Vehicles for the purposes  
20 authorized under Section 3 of Article XIX of the California  
21 Constitution.

22 *SEC. 36. Section 42278 is added to the Vehicle Code, to read:*

23 *42278. (a) Notwithstanding any other provision of law, the*  
24 *Controller shall transfer, from the General Fund to the Motor*  
25 *Vehicle Account, an amount equal to all revenues previously*  
26 *transferred from that account to the General Fund pursuant to*  
27 *Item 2740-011-0044 of Section 2.00 of the Budget Act of 2016,*  
28 *which transfer consisted of miscellaneous revenues in the account*  
29 *not protected by Article XIX of the California Constitution.*

30 *(b) Notwithstanding any other provision of law, all revenues in*  
31 *the Motor Vehicle Account not protected by Article XIX of the*  
32 *California Constitution, commencing in the 2016–17 fiscal year,*  
33 *shall be allocated, upon appropriation, as follows:*

34 *(1) Fifty percent to the Department of Motor Vehicles for*  
35 *information technology modernization purposes.*

36 *(2) Fifty percent to the Department of the California Highway*  
37 *Patrol.*

38 *SEC. 37. Item 2740-011-0044 of Section 2.00 of the Budget*  
39 *Act of 2016 is repealed.*

1 ~~2740-011-0044—For transfer by the Controller, upon order of~~  
2 ~~the Director of Finance, from the Motor Vehicle Account,~~  
3 ~~State Transportation Fund to the General Fund.....~~ (78,592,000)

4 ~~Provisions:~~

- 5 ~~1. Notwithstanding any other provision of law, the Con-~~  
6 ~~troller, upon direction from the Director of Finance,~~  
7 ~~shall transfer to the General Fund an amount equal to~~  
8 ~~the revenues attributed to the 2015–16 fiscal year that~~  
9 ~~are not protected by Article XIX of the California~~  
10 ~~Constitution.~~

11  
12 ~~SEC. 36.~~

13 ~~SEC. 38.~~ This act is an urgency statute necessary for the  
14 immediate preservation of the public peace, health, or safety within  
15 the meaning of Article IV of the Constitution and shall go into  
16 immediate effect. The facts constituting the necessity are:

17 In order to provide additional funding for traffic relief and road  
18 improvement purposes as quickly as possible, it is necessary for  
19 this act to take effect immediately.